

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:)	Chapter 11
)	
W.R. GRACE & CO., <u>et al.</u> ,)	Case No. 01-01139 (JKF)
)	(Jointly Administered)
Debtors.)	

**UNITED STATES' OBJECTIONS TO DEBTORS' DISCLOSURE STATEMENT
(DOCKET NUMBER 6896)**

The United States hereby objects to the adequacy of the Disclosure Statement for Debtors' Plan of Reorganization Pursuant to Chapter 11 of the United States Bankruptcy Code ("Disclosure Statement") because its description of the proposed treatment of environmental claims related to asbestos cleanup is unclear and ambiguous. The United States has asserted general unsecured claims against Debtors based on Section 107(a) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA"), 42 U.S.C. § 9607(a) and other statutory provisions as a result of releases and threatened releases of asbestos at sites at which Debtors are an owner or operator, either currently or historically. Other creditors have claims against Debtors for such contamination under Section 113 of CERCLA, 42 U.S.C. § 9613. The Disclosure Statement properly suggests that such environmental claims are general unsecured claims and treated as Class 9 General Unsecured Claims. *See* Disclosure Statement § 2.5.1.5 (Plan Treatment of Environmental Claims).

However, environmental claims related to the cleanup of asbestos associated with Debtors' vermiculite mine in Libby, Montana also appear to fit within the definition of "Asbestos PD Claim" as defined in the Glossary of Defined Terms (Disclosure Statement Exhibit Tab 2). Treating such environmental claims as "Asbestos PD Claims" is inconsistent

with other provisions of the Disclosure Statement (*see, e.g.*, Disclosure Statement § 2.5.1.5), and, the United States understands, the Debtors' intent. As a result, the Disclosure Statement does not provide an adequate basis for the United States or other creditors to make informed decisions about the proposed Plan of Reorganization. Accordingly, the United States requests that the Court not approve the Debtors' Disclosure Statement.

Dated: December 22, 2004

Respectfully submitted,

THOMAS L. SANSONETTI
Assistant Attorney General
Environment & Natural Resources Div.
U.S. Department of Justice

/s/ James D. Freeman
JAMES D. FREEMAN
Trial Attorney
U.S. Department of Justice
Environmental Enforcement Section
999 18th Street
Suite 945-North Tower
Denver, Colorado 80202
(303) 312-7376

COLM F. CONNOLLY
United States Attorney
District of Delaware

ELLEN SLIGHTS
Assistant United States Attorney
Office of United States Attorney
1201 Market Street
Suite 1100
P.O. Box 2046
Wilmington, DE 19899-2046

OF COUNSEL:

ANDREA MADIGAN
Enforcement Attorney
U.S. EPA Region 8
999 Eighteenth Street, Suite 700
Denver, Colorado 80202